



CENTRAL INTELLIGENCE AGENCY

Approved For Release 2006/02/07 : CIA-RDP77M00144R001100210017-2
Office of Legislative Counsel
Washington, D. C. 20505

Telephone: [REDACTED]

STAT

TO: Mr. Donald Moorehead
Committee on Finance
United States Senate

3 May 1976

You may recall discussing with me certain problems the CIA might have with respect to the private letter ruling disclosure provisions of the Tax Reform Act. I have attached a fact sheet which outlines the problem in more detail. I would be pleased to discuss the matter further with you, if you have any questions.

[REDACTED]
Office of Legislative Counsel

STAT



CENTRAL INTELLIGENCE AGENCY

Office of Legislative Counsel
Washington, D. C. 20505

Telephone: [REDACTED]

STAT

TO: Mr. William Morris
Committee on Finance
United States Senate

3 May 1976

Per our conversation, I am attaching a fact sheet on the private letter ruling disclosure provision of the Tax Reform Act. If you would like to discuss this further, please feel free to call me at [REDACTED] Thank you for your consideration.

[REDACTED]
Office of Legislative Counsel

STAT

TAX REFORM ACT

SUGGESTED AMENDMENT TO PRIVATE
LETTER RULING DISCLOSURE SECTION

Section 1212 of the Tax Reform Act (H.R. 10612) would amend the Internal Revenue Code by adding a new "section 6110" which provides that the text of any written determination for tax ruling shall be open to public inspection. Subsection (c)(1)(D) of the proposed new section provides for the deletion of information authorized to be kept secret under criteria established by Executive order in the interests of national defense or foreign policy and properly classified pursuant to such order.

Problem: The exception in subsection (c)(1)(D) for information classified pursuant to Executive order may not be sufficient to protect from public disclosure certain sensitive information relating to Intelligence Sources and Methods.

Discussion: Section 102(d)(3) of the National Security Act of 1947 requires the Director of Central Intelligence to protect Intelligence Sources and Methods from unauthorized disclosure. This statutory provision requires the protection of certain kinds of sensitive information which may not necessarily fall within the "damage-to-national-security" criteria set forth in Executive Order 11652. For example, information pertaining to a particular agent may be extremely sensitive from an intelligence standpoint and, therefore, protectible under section 102(d)(3) of the National Security Act, but it might not be classifiable under Executive Order 11652.

The Central Intelligence Agency, though not a consistent requestor of IRS services, has, on a number of occasions, requested written rulings on matters where existing law provides little guidance. These requests have involved information relating to Intelligence Sources and Methods, for example, the tax requirements of certain agents or activities. To the extent such information is not classifiable under Executive Order 11652, it would be subject to possible disclosure under section 6110 as presently drafted.

Suggested Amendment: Though these situations occur only occasionally (because most information relating to Intelligence Sources and Methods is classifiable under Executive order), it is believed that a minor modification in subsection (c)(1)(D) would remedy the problem. The insertion of the words "or statute" following the words "Executive order" in subsections (c)(1)(D)(i) and (ii) would accommodate the statutory responsibility of the Director of Central Intelligence to protect Intelligence Sources and Methods. A suggested amendment to this effect is attached.

SUGGESTED AMENDMENT TO TAX REFORM ACT (H.R. 10612)

Amend Section 1212(a) by inserting after the words "Executive order,"
wherever they appear in clauses (i) and (ii) of proposed subsection 6110
(c)(D), the words "or statute."